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Message Text

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PAGE 01 BUENOS 05862 101946Z
ACTION ARA-14

INFO OCT-01 ISO-00 L-03 OPIC-03 EB-08 COME-00 TRSE-00
OMB-01 CIAE-00 INR-07 NSAE-00 FRB-03 AGRE-00
STR-04 /044 W
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R 101830Z AUG 77
FM AMEMBASSY BUENOS AIRES
TO SECSTATE WASHDC 1695

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E.O. 11652: N/A
TAGS: EINV, AR
SUBJECT: INVESTMENT DISPUTE: DELTEC CASE

REF: BUENOS AIRES 1092

1. THE GOA HAS APPROVED THE SALE OF SWIFT'S MEAT PACKING PLANTS IN ROSARIO AND LA PLATA FOR ROUGHLY $38 MILLION, WITH A 15 PERCENT DOWNPAYMENT, 45 PERCENT MORE WITHIN 9 MONTHS, AND THE REMAINDER WITHIN 5 YEARS. ASSETS WORTH APPROXIMATELY $3 MILLION STILL REMAIN TO BE SOLD.

2. ACCORDING TO DELTEC'S ARGENTINE LAWYERS, THE PROCEEDS FROM THE SALE OF SWIFT ARE NOW MORE THAN ENOUGH TO REPAY PRIVATE CREDITORS (INCLUDING INDEXATION) AND LEAVE SOMETHING FOR DELTEC'S SHAREHOLDERS. HOWEVER, THE GOA'S CLAIM FOR REPAYMENT (WITH INDEXATION FOR INFLATION) OF SUMS ADVANCED TO SWIFT DURING THE PERIOD IT WAS UNDER GOVERNMENT ADMINISTRATION IS STILL AN ISSUE OF CONTENTION AND WILL NO DOUBT HAVE TO BE SETTLED IN THE COURTS.

3. LAWYERS ALSO INDICATE THAT CASE OF ESPERANZA SUGAR MILL AND ITS CONNECTION WITH DELTEC ARGENTINA IS NOW BEING CONSIDERED BY THE SUPREME COURT. DELTEC HOPES TO
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REVERSE THE COURT DECISION LINKING DELTEC ARGENTINA TO THE SWIFT BANKRUPTCY SO THAT IT CAN PROCEED WITH THE SALE OF THE ESPERANZA SUGAR MILL.

4. COMMENT: WITH THE LATEST AUCTION OF SWIFT ASSETS, THE GOA HAS MADE CONSIDERABLE PROGRESS IN SETTLING THE LAST MAJOR INVESTMENT DISPUTE BETWEEN THE GOA AND A

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U.S. COMPANY. A WELL-CONNECTED SOURCE IN THE GOA, HOWEVER, HAS INDICATED THAT, IN VIEW OF DELTEC'S POOR REPUTATION IN ARGENTINA, THE GOVERNMENT IS UNLIKELY TO PROVIDE DELTEC AN EXEMPTION FROM INDEXATION OF THE DEBT OWED BY SWIFT TO THE GOA.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Secure: OPEN
Status: NATIVE
Subject: INVESTMENT DISPUTE: DELTEC CASE
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To: STATE
Type: TE
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